Top Secret

## SITUATION REPORT

POLAND

Soviet and Czechoslovak military forces continue to assemble in the areas around Poland and could begin to move into the country with perhaps only a few hours' warning.

Elements of three Czechoslovak divisions, which assembled over the weekend in the Mimon training area some 25 kilometers from the Czechoslovak - East German - Polish border

In the western USSR, a Soviet motorized rifle division may have begun moving from its garrison near Minsk toward the Polish border. At least a part of the division was located within 50 kilometers of the border Monday afternoon.

divisions in eastern base termany are still in garrison, but were continuing possible preparations for deployment that were noted last Friday.

## Political Developments

Soviet President Brezhnev, speaking in New Delhi last night, avoided making any direct references to the Polish crisis but blamed the West for the fact that the international climate has grown "considerably colder." Some of his remarks suggest he was indirectly responding to US statements about a possible Soviet intervention. While deploring saber rattling or a resort to violence to impose one's will on others, he stressed the importance of defending peace "without yielding to provocations, pressure, or blackmail."

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The Soviet media, meanwhile, have turned up the heat in their coverage of the Polish scene. A TASS report from Warsaw, replayed by the Bulgarian and East German media, alleged that "ccunterrevolutionary groups" are openly challenging local authorities, a charge that may be intended to lay the groundwork for military action. The report claimed that local groups had dismissed the management and disarmed the factory guards at the Iskra works in Kielce. TASS also charged that in some cases those who disagree with "the inciters" have "disappeared" and concluded that the "counterrevolutionaries" are causing a "further destabilization" in Poland.

Polish media last evening in effect denied the TASS report by going to great lengths to portray the situation in Kielce as normal. The Soviet charge and the swift Polish rebuttal is an unusual event and could cause tensions in bilateral relations. The Soviets do not like having TASS reports publicly resulted. The apparently false TASS dispatch may prompt Poles to question Soviet in the soviet action as evidence that Moscow is indeed planning an intervention.

The Polish media yesterday continued to deny reports of a Soviet invasion. A mass-circulation Warsaw daily labeled the reports "hysterical," and the party newspaper said that the Moscow summit's "calm and constructive" communique had countered "distanting speculation" in the West.

These denials may only help to raise anxieties in Poland. Some Poles apparently are expressing concern to journalists that Western reporting is increasing tensions and alarming Moscow.

Despite the apparent increased sense of concern in Poland, spokesmen for private farmers are pressing demands for their own independent trade unions. They have demanded a meeting with Premier Pinkowski and raised the threat of a strike if the government continues to refuse to legalize their union.

Financial, Economic Developments



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Poland has announced that it has stopped coal exports to the Soviet Union entirely and has cut coal deliveries to the rest of Eastern Europe to one-third of the previous levels. Warsaw attributed the move to a lag in coal production this year, now expected to total 198 million tons.

Warsaw also disclosed that coal exports to Western countries have fallen by almost 20 percent from last year's 27 million tons. The cutback could cost Poland about \$400 million-the \$250 million the coal is worth plus \$150 million in penalties for failure to fulfill' contracts.

## East European Comments

A Czechoslovak radio commentary on Sunday repeated an earlier theme that places Poland in line with the "counterrevolutionary intrigues" in East Germany in 1953, Hungary in 1956, and Czechoslovakia in 1968. The Czechoslovaks in effect are telling the Poles that the pressure is not off as a result of the summit.

